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Members' Benefits

The Northeastern University Center for Family Business offers a select group of family-owned businesses these membership benefits:

- Participation in Full-Day Workshops and Executive Breakfast Case Conferences.
- Constituent Forum Participation.
- Subscription to Family Business Quarterly.
- Discounted tuition for NU's "The Management Update" Seminar Series.
- Invitations to College of Business CEO Breakfast Forums.
- Access to student interns.
- Networking opportunities.
- A family business bibliography and access to NU's libraries.
- Participation in research.
- Opportunity to link your Web site to the Center's.

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Emerging
Issues

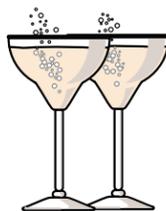
Gala Celebration Kicks Off Tenth Year for NUCFB

Decade of Accomplishment for Family Business Center Celebrated with Style

More than 150 members, advisors and sponsors of the Northeastern University Center for Family Business gathered to celebrate the start of the Center's tenth year last November. A gala black-tie optional reception and dinner was held at the Pine Brook Country Club, Weston, Mass., to mark this milestone. The significance of this special program, the highlight of the Center's year-long 10th Anniversary celebration, was underscored by a dramatic dinner theatre program presented by actors from the DramaWorks Interactive Business Theatre. The festive event was an opportunity to reflect on the more than 200 educational programs the Center has presented over the last decade as well as a time to anticipate future programs for family-owned businesses.



Toasting the Center's 10th anniversary are (from left), Austin F. O'Connor, Margaret O'Connor, Austin M. O'Connor, Mary O'Connor and Caroline Walsh, all of the Briar Group.



More photos from the
NUCFB 10th
Anniversary
Celebration inside.



Jack McSheffrey, of MIJA Industries, greets friends Judith and John Gregorian, of Arthur T. Gregorian, Inc., during the cocktail reception.



Alan and Betsy Peppel, of Hyde Manufacturing, get into the spirit of the evening.

Gala Celebration Kicks off 10th Year for NUCFB

People are Talking

“The entire Paisner family participated in the programs of the Northeastern University Center for Family Business. By broadening our understanding of the issues we were able to make a successful transfer of ownership from one generation to the next. The networking and education we received were key to our success.”

Marshall Paisner
Chairman of the Board
ScrubaDub Auto Wash
Centers, Inc.
Natick, Mass.

“The Senior Forum gave us the insight into common problems faced by senior family executives in family business. The friendship and genuine interest among the members made the Forum a rewarding experience. Paul Karofsky's leadership and guidance make it all work!”

Jack and Renie Radlo
Radlo Brothers, Inc.
Watertown, Mass.

“The Northeastern University Center for Family Business has performed the same role in my professional relationships as my sister Laura does in my family and personal life.”

Jill Cohen
Sheldon A. Cohen Insurance
Agency, Inc.
Chestnut Hill, Mass.

“My relationship with my partner (my daughter) has become as good in the office as our personal relationship as father and daughter. I am grateful that the Center has been there for us.”

Sheldon Cohen
Sheldon A. Cohen Insurance
Agency, Inc.
Chestnut Hill, Mass.



Lisa and John Andre, of Andre Realty Trust (at left), celebrate with Maureen, Catherine and Larry Woodman, of Woodman's.



Bob and Denise Clemence, of Hyde Manufacturing enjoy a moment before the dinner theatre begins.



More than 150 NUCFB members, advisors and sponsors enjoyed an evening of celebration.



Sy and Ellen Marcus enjoy the evening's festivities. Sy is a financial counselor with Northwestern Mutual, a NUCFB sponsor.



MIJA Industries was well represented by members of the McSheffrey family (from left), John, Dianna, Michaela and Jack.



The Center's gala 10th Anniversary Celebration was held at the Pine Brook Country Club, Weston, in November.

Agency Serves Massachusetts Manufacturers

The Massachusetts Manufacturing Extension Partnership (MassMEP) is part of a nationwide network of more than 400 business centers whose sole purpose is to provide small and medium-sized businesses with the help and solutions they need to succeed. The MassMEP has established affiliations and partnerships with public and private organizations to offer a wide range of expertise, tools, techniques and resources to Massachusetts' manufacturers. MEP specialists can help with a variety of problems, including:

- **BUSINESS PLANNING:** MassMEP focuses on increasing productivity, growing sales and profitability, and stabilizing profitability.
- **LEAN Enterprise:** Improve quality, cost, lead-time, and customer satisfaction with MEP Lean solutions.
- **EBUSINESS:** MassMEP solutions enable companies to improve customer satisfaction, broaden market share, and ensure their viability in the future eBusiness world.
- **INTERNATIONAL DEVELOPMENT:** Obtain global success through national and international partnerships, joint ventures, and strategic alliances.
- **TECHNOLOGY TRANSFER:** Through the transfer and commercialization of new technologies, MassMEP helps companies gain a solid business advantage and successfully grow in a globally competitive environment.
- **WORKFORCE DEVELOPMENT:** MassMEP, through an analysis of company's resource needs, develops a training program that aligns employee skills training with the company's strategic direction.

To learn more about the MassMEP, please visit their website at www.massmep.org, or call 1-800-MEP-4MFG.

Success Story: President of Four generation family business talks about strategy, “giving back” and gubernatorial aspirations

Steve Grossman, Democratic candidate for Governor of Massachusetts in 2002, is President of MassEnvelopePlus in Somerville, a full-service printing and graphic design firm started by his grandfather in 1910 and now a fourth generation family business. He is also Founder and President of Givenation.com, which helps nonprofit organizations raise funds online. Steve has played a prominent role in both national and state politics, most recently as National Chairman of the Democratic National Committee, which he helped revitalize 1997-99, President and Chairman of the Board of the American Israel Public Affairs Committee (AIPAC) 1992-1996, and Chairman of the Massachusetts Democratic Party 1991-1992. A strong believer in grass roots politics, he remains an active member of the Ward 7 Newton Democratic City Committee. He has also been a leader of many philanthropic, civic and cultural organizations over the years.

In this candid interview with NUCFB Executive Director Paul Karofsky, Steve thoughtfully discusses many interesting topics including how his four-generation family business succeeded, a tax policy for small businesses the concept of “giving back” to the community and his political aspirations.

PK: Steve, please share with us a bit about the origins of MassEnvelopePlus.

SG: The company was started by my grandfather in 1910. He was a salesman and a sales manager at Boston Envelope Company, which, ironically, we acquired many years later. He always had a dream of starting his own business. He wanted to serve the needs of his customers and do it on his own.

PK: And then your dad and your uncle joined him?

SG: After a furious battle in the family, because they wanted my father to go to college and he wanted to go into the family business, my dad won, and right out of high school he went into the business. My uncle, Jerry Grossman, came into the business in 1938, and they were partners until 1975.

PK: And then you joined the business.

SG: I had graduated from Harvard Business School in 1969, gone into the business, and left for three years to work for Goldman Sachs. One day my father called and said, “Jerry’s interested in selling his interest in the business, would you be interested in buying it?” Being in business with my father was always one of the highest aspirations in my life. And so, since 1975, I’ve been President of the company.

PK: I know that you and your dad had a remarkable relationship, and he spoke of it often, and I know that he supported your interests outside the

world of family business. Tell us more about that.

SG: The day I came back, my father said, “Steve, you and I are now partners. You’ll be the president of the company.” And from that moment on, there was no aspiration or goal I had for the company in which he did not support me. My father and I never had an argument or a harsh word for one another in 25 years in business together. I think we knew that when one of us felt strongly about something, the other would simply understand that it was an important matter and you just worked together and respected one another.

PK: Do you realize how rare and precious that is?

SG: I know, because I have talked to many people who own family businesses. My father’s office and my office were next to each other. There was a wall between us, so we cut a hole in it and installed a big glass window there so we could talk back and forth through the window. My father told my two sisters and me, “Do what you want with your life, whatever your goals are, follow that star.” Amy went into Jewish Community service and came into the business eventually. Mary Ellen was a guidance counselor and she, too, ultimately came into the business. Now the three of us run it.

PK: How do family members avoid having a sense of entitlement?

SG: That is precisely how my father put it. We had to demonstrate our capabilities in our areas of expertise within the company, and that’s the same approach I have taken with my son David. He graduated from Princeton in 1998, had a couple of jobs along the way. I said, “I just want you to know that you’ve got a great opportunity here, though nobody is ever going to hand it to you on a silver platter. You’re going to have to work your way up and earn the respect and trust of each of your colleagues. And if you decide to do this, some day I think you can look forward to playing a major leadership role within this company.” I believe this is particularly important for family members, because it’s overwhelmingly incumbent upon family members to show that they have the capabilities, and the skills and are willing to work hard and play by the rules.

PK: Steve, here you were, your dad’s partner in business, yet he’s in the office every day and you’re outside in the world of politics. How did he reconcile that?

SG: He encouraged me. In fact one year we went to a major gifts dinner for the Combined Jewish Philanthropies, where you announced your gift publicly. I was Campaign Chairman. My father got up and said, “Our family, Shirley, myself, Barbara, Steve, etc. are going to increase our gift from X to Y. But I want you all to know that we have not only made this gift of resources. I believe that I have given you the greatest gift I could possibly

give you — my son.” He supported my grandfather, who was a public servant. In 1945, my grandfather said, “Fellas, I’m out of here, it’s your business to run I’m going to devote the rest of my life to public service.” He was Penal Commissioner in Boston for Mayor Curley. And he was Commissioner of Corrections for Governor Paul Dever. And then he was on the Boston Finance Commission with Ed Brooke. My father was tending to the business, while my grandfather did public service.

PK: So public service is deeply engrained in your family’s culture.

SG: Yes. My uncle Jerry founded many liberal grass roots organizations and took major time off for Eugene McCarthy and George McGovern, and my father supported him every step of the way. So when it came time to do it for me, it was like three generations of people in our company engaged in public service in one way or another. My father had a great comfort level with public speaking, and I got it from him. He once said, “Steve, you’ve taken public service across the whole spectrum of Jewish communal, and non-Jewish communal service.

PK: Wouldn’t it be something if he knew what you were doing now?

SG: He knows. Even in 1996, when the President and the Vice President asked me to chair the Democratic National Committee, I knew I was going to have to go to Washington three days a week. Tuesdays, Wednesdays and Thursdays I would be out of the office. He said, “Steve, your grandfather came from a little town on the Russian/Romanian border a hundred years ago. You are going to be asked tomorrow by the President of the United States to head up the oldest continuous political party on the face of the earth, the Democratic Party, at a time of crisis.”

PK: And during this era of public service, the business continued to prosper?

SG: We took the business, from the time I came back in 1975 from a little less than \$4 million dollars in revenue to eight times that size now. So, we showed what I would hope people saw as bold, energetic, decisive, imaginative leadership. Even though I was taking a lot of time away, I was compensating for it by putting in large amounts of time in the evenings, weekends and doing other things so that I could be a strategic thinker, a builder, a sales person, whatever it took.

PK: Your sisters and your mom are also involved in the company. Tell us about their roles.

SG: My sister, Mary Ellen, came into the business in 1978. I was heading up a leadership development program at the Combined Jewish Philanthropies, and I asked her to join it. She asked for a one-week leave of absence from the Framingham schools. They wouldn’t give it to her, so she left and came into the company working in accounts



Steve Grossman

receivable. She is also now the Treasurer of the company and works very closely with our Chief Financial Officer, on all financial matters. She and my mother manage the whole area of accounts receivable. It’s always been a very important source of pride to us that our annual write offs for a \$30 million dollar business are less than \$5,000 of bad debts. Some would say your credit standards are too tight, I would say that my father is watching carefully and smiling.

PK: And what about your sister, Amy?

SG: Amy was involved in professional and Jewish communal service for years. She was a sales person for us in New York for the better part of ten years. Then I suggested that she come back to Boston, which she did and she is now a Vice President of the Company, a member of our management team and our Director of Marketing. Amy is very much like my father — very detail-oriented. And in a business like ours, sweating the details is the most important thing. People sometimes have great visions but don’t sweat the details. At the end of the day, my father never had a paper left on his desk. Amy is involved in every aspect of the business and is my ombudsman. And when you’re out of the office as many hours as I am, you need somebody to tell you what’s going on and what are the issues that I need to think about on that particular day. Amy’s very good at using my time in the most efficient, effective way possible.

PK: Is she functioning effectively as Chief Operating Officer or do you have a Chief Operating Officer?

SG: No, we don’t, we have a very unusual management structure with a small management team. One of them has been with us 28 years; another for 21 years; one for more than 15 years; and our CFO for four years.

PK: And they all report to you in a direct line?

SG: All report to me, but we have a management team meeting every two weeks. There is constant cross-fertilization of ideas, constant information

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being passed back and forth. We communicate beautifully.

PK: There must be a keen sense of individual accountability to make it work?

SG: There is, but also the amount of time that I take away from the business has been a source of empowerment for each of these people to take on significant leadership responsibilities and they have each flourished dramatically in the process. They instinctively understood that my responsibilities had to be taken on. It's as if they were waiting for me to take more time off, so they could show me and the family how well they could perform.

PK: I understand your family's cultural and historic influence in the world of politics, civic service philanthropy. But what stimulated your personal interest in politics?

SG: I've always felt that the most important challenge that I had was how to balance family, career and community. Those are the three elements of my life. I'm a genetic Democrat. My grandfather's first campaign was in 1910 when he helped Honey Fitzgerald (President Kennedy's grandfather) win a re-election campaign as Mayor of Boston. So we have a 90-year history of political involvement. I grew up with it. My grandfather was the vice chairman of the Mass. Delegation to the Democratic National Convention in 1948. He and my father were the only father/son delegate team there. My Uncle Jerry was a Democratic National Committeeman, so we have had three generations involvement in Democratic grassroots political activism. My specific catalyst was in February of 1970 when I went to a caucus when Father Robert Drinan was nominated and eventually ran for and won five terms in Congress. Six weeks married, I had dinner with my wife, Barbara, that night and said if that's what grassroots politics is all about, that is something to which I am going to devote a significant part of the rest of my life.

But I didn't get to politics directly. I got to politics through my involvement with Jewish communal service, because a friend recruited me into a young leadership program at the Combined Jewish Philanthropies in 1977. That precipitated a whole series of activities in Jewish life, which eventually brought me to the attention of Michael and Kitty Dukakis when Barbara and I chaired a fundraiser for the US Holocaust Museum in 1985. That led to Michael asking me to co-chair his finance committee in the 1988 campaign. After he lost, I supported Ron Brown, when he ran for the Chairman of the Democratic National Committee, which caused him to appoint me to the Democratic National Committee as an at-large member. Then in 1990, after Bill Weld beat John Silber, I ran for Chairman of the Democratic State Committee. I became president of AIPAC (American Israel Public Affairs Committee). Two years at the state

committee put me on the national stage and I got to know the President very well. So when he was looking for someone to run the Democratic National Committee, he picked me, because he knew what I had done in Massachusetts and at AIPAC. So, there is a domino effect here, and it really

“Chief executives...need to constantly articulate a vision...the unique qualities which that organization has, which it can offer to its customers, to the community, to lay out in bold energetic imaginative terms..”

started with my involvement with Jewish communal life and the young leadership program called Acharai, which means “follow me”.

PK: Given your experience in your own business, what have you learned that would influence your thinking as governor?

SG: Chief executives of businesses, chief executives of states, chief executives of anything need to constantly articulate a vision, articulate the unique qualities which that organization has, which it can offer to its customers, to the community, to lay out in bold energetic imaginative terms a set of priorities and to be constantly driving that agenda forward so that everyone within the organization understands the priorities and feels a sense of urgency about their role in helping to achieve them.

PK: This is what leadership is.

SG: Right. Define an agenda. Drive that forward relentlessly. Constantly educate and train people about that agenda and the role they can play to realize their full potential. Create a culture in which people are collegial and collaborative. Build consensus. Don't drive people apart, even when there are conflicts in the organization. Find common ground and build on that common ground. But at the end of the day, if everybody within the organization understands the vision, the goals, the objectives, the priorities, and feels committed to that set of priorities and feels that they have a role to play in the success of the enterprise, you can be preeminently successful doing that. Running the state as its Chief Executive Officer means precisely the same thing: giving each citizen of the state a sense of the priorities, the role each can play in helping to achieve those goals or some sense of ownership. People need to feel, both at companies and as citizens, that they are shareholders or stakeholders in the success of the organization or institution. That

is the way I have always tried to lead, whether in business, in philanthropic activities, or in politics.

PK: How do you balance the time commitments to politics, business and family?

SG: It's a very challenging thing to do. I think anybody's life is really about how to balance family, career and community. I have an extraordinarily supportive family — not only my father, but also my sisters, my mother and my wife (who is about to become Chairman of the Department of Theatre and Dance at Tufts University, so she has her own distinguished and complex career), and our kids.

PK: What are some of the tradeoffs?

SG: There is no question that our business would have been significantly larger and made some more aggressive strategic choices in terms of its expansion at a much earlier time in its history, had I been their focusing more on those priorities. I have always been the person who drove the strategic process forward in the company, and when you are not there the strategic process stalls. We were an envelope company for 70 years. We then about 15 years ago got into business forms and labels. That eventually brought us in the last 2½ years into acquiring several companies. We are now the pre-eminent engraver in Boston and we bought a six-color printing plant in Connecticut, so we are now MassEnvelopePlus. We provide the full range of printed communications materials that any organization could need from concept to completion.

PK: There must be tradeoffs on a family level as well.

SG: Look, there is no question about that. From the time that I got involved in 1977 with the CJP Young Leadership program, I have been to Israel more than fifty times. Virtually every one of those trips was related to a leadership role that I played within some organization. When I'm apart from my family, it does create inevitable pressure, tension and stress. I am very fortunate in the sense that it has not had a long-term negative or deleterious affect on our family unit. That is clearly because Barbara and I have a relationship in which whenever one of us has aspired to do something special in our lives in the last 31 years, the other has been 110% supportive.

But after two years as chairman of the DNC, I came home Thanksgiving weekend in 1998 and looked into my father's eyes and saw that his health had deteriorated. I realized that he needed his son back; he needed his partner back. The very same day our nine-year-old son, Josh, said, “Dad, I'm not going to play baseball this spring ... When you stopped coming to my games it took all the fun out of it.” You hate to hear it, but it is reality. If you have to hear it more than once, then you're not listening. The following week I went to the President and said,

“Mr. President, I need to step down [from the DNC]. I need to reinvest back in my business, in my relationship with my father, in my relationship with my family.” The good news about running for governor of Massachusetts is that we are such a small state I can do an event virtually anyplace in Massachusetts, be done in time to get home and read to Josh for twenty minutes most nights before he goes to bed. It's not a substitute for being at the dinner table every night. But my family is making significant sacrifices for me, for my career, for my goals, for my dreams, my aspirations and I thank them. Yet I don't thank them enough for what they have done to be supportive of me.

PK: Your son, David, and his involvement in the company, tell us more about his role and how he prepared.

SG: I said, “David you need to learn the business from the ground up. You don't have to go out and sweep the floor in the stockroom like I did when I was a 13 year old on vacations, but you need to learn the business, and the way you learn the business is to become a customer service representative. You need to get on the firing line and work eight, ten, twelve hours a day, because you will work with customers, colleagues, sales people, suppliers and you will learn the business by doing the business.” So David has now been in the business for four months as a customer service representative. He has already earned enormous respect from those with whom he's worked.

“People need to feel, both at companies and as citizens, that they are shareholders or stakeholders in the success of the organization or institution.”

PK: And the values that foster that?

SG: As Chairman of the Leadership Development Committee at CJP, I brought together three of the great business people in this community for a panel discussion about leadership, and we packed the Harvard Club. I asked them each what are the qualities that one must have or demonstrate in order to be a great leader? One of them, Norman Leventhal from the Beacon Company, summed it up: time, talent, resources and heart. And he said the last is the most important. I believe the juxtaposition of those four is one of the challenges that anybody who aspires to be a leader faces.

Part II of this interview will appear in the next edition of FBQ.



The Right Tax Strategy Could Save You Money

By Carl A. LaGreca, CPA, MST
Forman, Itzkowitz, Berenson & LaGreca, P.C.

As tax professionals, we struggle to find ways to save our clients tax dollars, often while working in gray areas in dealing with risk. "If you do a certain transaction one way you could save 'x' in tax dollars," while "if you do it another way your exposure is that it costs you 'y'." The risk is that you could lose 'z'." Rarely are we presented with a gift from the taxing authorities — either the IRS or the Department of Revenue (DOR) for the Commonwealth of Massachusetts — which provides both substantial tax savings and leaves little in the way of risk. That changed on November 30, 1999, when the DOR issued Letter Ruling 99-17. This ruling provides shareholders in an S corporation with the ability to eliminate the double level of Massachusetts Excise Tax imposed on them as shareholders in an S corporation. This is available for all S corporations with gross revenues greater than \$6.0 million, provided the corporation simply jumps through a few hoops. (Keep in mind that Massachusetts "income" tax for corporations is actually called an excise tax and is comprised of both income and property components.)

Double Tax - The Existing Problem

For taxable years ending on or after December 31, 1989, a Massachusetts S corporation with total revenues between six and nine million dollars is liable for a 3% tax on the income measure of the corporate excise tax. If gross receipts are \$9.0 million or more the rate is 4.5% of the corporate income measure of the Massachusetts Excise Tax. This tax is, of course, in addition to the tax imposed at the S corporate shareholder's individual level.

To illustrate:

X Corp (an S corporation) is owned 100% by shareholder Mr. T. X Corp has gross revenues of \$10.0 million and net income of \$1.0 million. X Corp incurs a Massachusetts tax liability of \$45,000 (\$1.0 million X 4.5%). In addition, Mr. T personally owes a tax on \$955,000 of flow through income from X Corp (\$1.0 million of net income - \$45,000 corporate level tax). Mr. T's individual Massachusetts income tax liability from X Corp is therefore \$55,868 (\$955,000 @ 5.85% individual rate). The combined tax paid to the Commonwealth of Massachusetts by Mr. T as a result of his ownership of X Corp. is \$100,868.

\$ 45,000	at the Corporate level
<u>55,868</u>	at the Individual level
\$100,868	Total

How to Avoid the Double Level of Tax

Letter Ruling 99-17 provides that if a corporation reorganizes (jumps through a few hoops) it can avoid the double level of tax.

The way it works:

A Massachusetts Business Trust, which is subject to the Massachusetts personal income tax, is formed. This new entity shall then become the 100% parent of the existing S corporation. It shall also elect S corporate status for federal tax purposes. The new 100% parent S corporate parent elects to treat the existing S corporation as a Qualified Subchapter S Subsidiary.

Result:

As a result of the proper execution of the above script, the new Massachusetts Business Trust (which is a federal S corporation and the parent of the Qualified Subchapter S subsidiary) will be subject to the Massachusetts individual income tax on all income earned by the Corporate Trust and all income earned by the Qualified Subchapter S Subsidiary.

To illustrate:

Using the same facts as the prior illustration, Mr. T would form X Corp Trust as a Massachusetts Business Trust. X Corp Trust would elect to be treated as an S Corporation for federal tax purposes. X Corp Trust would be the 100% parent Corporation of X Corp. X Corp Trust would elect to treat X Corp as a Qualified Subchapter S subsidiary. For Massachusetts tax purposes X Corp Trust would pay an income tax of \$58,500 (\$1,000,000 of net income @ 5.85% individual rate). The tax savings occurs because the income of X Corp Trust would not flow through and be taxed a second time at the shareholder level (i.e. on Mr. T's individual return).

\$ 58,500	at the Corporate level
<u>0</u>	at the Individual level
\$ 58,500	Total

As our example demonstrates, by simply jumping through a few hoops, Mr. T was able to save \$42,368 (\$100,868 versus \$58,500) in Massachusetts tax on \$1,000,000 of Massachusetts income, in one year alone.

Please keep in mind that like everything else, this tax saving strategy may not be for everyone. (Just as gains don't flow through to the shareholder level, neither do losses — so an owner who generates losses would generally not benefit by this structure). Therefore, I recommend that you contact your tax advisor to find out whether this tax-saving tip is right for you.



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NUCFB Unveils New Website: www.cba.neu.edu/fambiz

The newly updated NUCFB website is a valuable resource for family businesses. The website, www.cba.neu.edu/fambiz, offers up-to-date information about the Center including news about membership, sponsors, academic programs, Constituent Forums and CEO Breakfasts. Current and past issues of the Center's newsletter, *Family Business Quarterly*, are also accessible at this site.

Scores of business-building articles are also available at this site on topics including how to value a family business, strategic planning, succession planning, controlling sibling rivalries, bridging generational change, family meetings and financing a growing family business. Many articles include family business "success stories" that offer insight and perspective into issues that are common to all family businesses.

Paul Karofsky's book, *So You're in the Family Business...*, is also accessible in its entirety at this site. The 24-chapter volume includes valuable essays and "case study" examples of real family business situations, challenges and experiences that every Center member can relate to.

The new site also links to NUCFB member websites and all center resources, including our sponsors, The Family Firm Institute and fambiz.com. Be sure to take full advantage of the many benefits of this new, professional site.

Did you know?

- The greatest part of America's wealth lies with family-owned businesses.
- Over 90% of all business enterprises in North America and the majority of businesses internationally are family-owned.
- Succession planning is a growing issue for family businesses due to demographics. Post-World War II entrepreneurs, who created the world's greatest wealth, are now reaching the age when they must decide how to pass on the wealth secured primarily in their family businesses.
- In the next five years, 39% of family-owned firms will experience a change in leadership due to retirement or semi-retirement.
- According to a recent national survey, 25% of senior generation family business shareholders have not completed any estate planning other than writing a will; 81% want the business to stay in the family; and 20% are not confident of the next generation's commitment to their business.
- By the year 2005, virtually all closely-held and family-owned businesses will lose their primary owner to death or retirement.

Facts compiled by the Family Firm Institute

Save These Dates

March 27, 2001
Half or Full Day Forum
8:30 am-12:30 pm or 4:30 pm
Communication Workshop

May 1, 2001
Executive Breakfast
8 am-10:30 am
Breakfast with the Pros: Lessons from the Trenches

June 5, 2001
Half Day Forum
8:30 am-1:30 pm
Recruiting and Retaining Key People in the New Economy

Barry and Eliot Share Family Stories and Success Strategies with NUCFB Members



NUCFB Executive Director Paul Karofsky shares a laugh with Barry and Eliot Tatelman at a recent event hosted by Jordan's Furniture, Natick.

"Outside-the-box" thinking and a healthy dose of fun and entertainment have been the cornerstones of the success strategy for furniture powerhouse Jordan's Furniture, according to company principals Barry and Eliot Tatelman. The popular duo recently hosted a NUCFB breakfast at their Natick facility. The morning began with a sumptuous breakfast along "Bourbon Street" and a private showing of their trademark Mardi Gras multimedia experience—complete with interactive robotics, a 40-foot jester, New Orleans jazz, strobe lights, video and lots of special effects. After the show Barry and Eliot regaled Center members with personal stories that outlined the rise of Jordan's Furniture.

"What brings people in is fun," according to the silver pony-tailed Eliot, as he recounted how he and Barry made the decision ten years ago to be the first furniture store in the country to install what is known as M.O.M. (Motion Odyssey Movie), a 48-seat "moving" theater with a four story movie screen, at their Avon,

Massachusetts location. Proceeds from the ride are donated to charity. After the installation of the flight simulator, Jordan's saw a thirty percent increase in business.

"We look for "win" scenarios for everyone," said Barry, "With M.O.M., the riders win, the communities win and Jordan's wins."

With Barry and Eliot, the fun never seems to stop. Their Nashua, New Hampshire store offers complimentary freshly-baked chocolate chip cookies and ice cream at its snack bar. Balloons are given away on weekends and periodically live entertainers are brought in for customers.

Like every family enterprise, the Tatelman brothers are involved in all issues in running a business. Although they admit they have disagreements, Barry says, "We divide our responsibilities. Eliot is more detail oriented and I'm not. Eliot does more on the business management side of things and I'm more into fun — the PR and advertising side of things."

For the brothers, family values are a high priority. "Our father taught us that business runs a distant second to family. Family always comes first. Money is not that important," according to Barry.

Jordan's Furniture was incorporated in 1928 by Samuel Tatelman, in Waltham. After school and on weekends it was not uncommon to find Barry and Eliot on the sales floor with customers, delivering furniture and writing up orders at their father's Moody Street store. Here they learned not only how to run the business from the ground floor up, but also how to provide excellent customer service. By the early 1970s, brothers Barry and Eliot took over the reins of the business — a company with eight employees. Nearly 20 years later, with four thriving retail stores employing more than 1,200 "J-

Team" members and a constant flow of attention-grabbing television commercials, Jordan's caught the eye of Warren Buffett, chairman and CEO of Berkshire Hathaway Inc. Buffett noted that, "Jordan's Furniture is truly one of the most phenomenal and unique companies that I have ever seen. The reputation that Eliot and Barry have earned from their employees, their customers, and the community is unparalleled. This company is a gem!"

When the Tatemans were approached by Buffett with an offer to buy their family business, they found themselves at a crossroads. "We weren't planning on selling, so we investigated our options from all angles," says Eliot. "Why sell? What are our true goals? We started thinking about our kids, our cousins and the rest of our family. How could we be fair to the next generation? We had seen so many family businesses close one after another — some because of family feuding. We wanted to protect our family's future. We knew the greatest gift we could give our family was the opportunity for them to do what they want with their life. In the end, we wanted to provide well for the next generation. Barry and I also wanted to keep doing what we wanted. We found that the deal we struck with Warren Buffett allowed us to do this."

In a little more than a year since Jordan's was acquired by Berkshire Hathaway, "nothing has changed," according to Barry. Both he and Eliot remain integral parts of virtually every aspect of Jordan's Furniture. Called a "perfect fit" by Barry, the merger will allow for future growth with the financial support of Berkshire Hathaway.

When negotiating the sale, the Tatemans made sure that their employees were rewarded. "We wanted to share the excitement of this merger with

our incredible group of employees. Therefore, we rewarded every single J-Team member with 50 cents for every hour that they had ever worked for us. Many of our people had been with us for 10 years, 20 years and more. That added up to a significant sum," Barry said.

The Tatelman's business continues to thrive. Jordan's sells more furniture per square foot than anyone in the U.S. The brothers continue to have fun, maintaining their "shopertainment" style of retailing and putting their own special spin on memorable television commercials. But perhaps their greatest personal accomplishment is what their "giving back" philosophy of business has allowed them to achieve — the ability to help others. The Tatemans have donated millions of dollars to many organizations including the American Cancer Society, AIDS Action Committee, American Red Cross, the Massachusetts Coalition for the Homeless' Furniture Bank, the Jimmy Fund and many more. Presently, M.O.M. proceeds assist in the funding of Jordan's educational program, Aducaution, which is offered to 5th grade students. This media literacy program was created and funded by Jordan's to teach students the critical-thinking skills that are needed to understand the growing role of media. Approximately 100 students per day participate in the program that began in September 1996 after three years of planning.

At the end of the morning session, Barry and Eliot stood at the exit door and shook the hand of each Center member as they filed out of the room, accompanied with a sincere and warm "thanks for coming" and "nice to meet you." For the Tatelman brothers, doing business is truly a family affair.

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